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INFO RUEHHM/AMCONSUL HO CHI MINH 5766
RUCNASE/ASEAN MEMBER COLLECTIVE
RUCPDO/DEPT OF COMMERCE WASHINGTON DC

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STATE FOR EAP/MLS and EEB/CIP
DEPT PASS TO USTR DBISBEE AND JMCHALE
COMMERCE FOR OTEC/ITA CDICKSON
USDOC FOR 4431/MAC/AP/OPB/VLC/HPPHO

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SUBJECT: VIETNAM AWARDS FOUR 3G WIRELESS LICENSES

[¶1.](#) (SBU) Summary: Vietnam's Ministry of Information & Communications (MIC) awarded long-awaited licenses for 3G mobile networks to four state-run carriers on April 2, 2009. The move provides an immediate benefit to two U.S. companies, Qualcomm and Motorola, which sell 3G wireless network hardware. Vietnam, with a population of 86 million people, has one of the world's fastest growing telecommunications markets, with 66.3 million mobile phone subscribers at the end of 2008 - an 87 percent increase over 2007. End summary.

[¶2.](#) (U) Vietnam's Ministry of Information & Communications awarded the first of its long-awaited licenses for 3G mobile phones on April [¶2.](#) The new networks will allow faster downloads of music and movies on next generation phones and other 3G wireless devices. MIC issued the licenses, all in the 2.1 GHz band, to four state-run carriers, including military-owned Viettel; Vinaphone and MobiFone (both run by state-owned telecoms giant VNPT); and a joint venture between EVN Telecom and Hanoi Telecom.

State-run S-Fone and GTEL Mobile also submitted bids but were not selected. MIC gave the four operators just three months to get their 3G networks up and running.

[¶3.](#) (SBU) The awarding of the licenses provides an immediate benefit to two U.S. companies, Qualcomm and Motorola. Qualcomm manufactures chipsets for 3G capable handsets and Motorola sells both 3G handsets and hardware for next generation wireless networks. The Embassy, including the Ambassador, has advocated on behalf of the two companies on several occasions.

[¶4.](#) (SBU) Qualcomm's Julie Garcia Welch expressed satisfaction at the awarding of the licenses and said Qualcomm was interested in fostering the growth of Vietnam's 3G mobile industry. In addition to Qualcomm, she said there was a "strong global eco-system of 3G operators, vendors and content providers" who could benefit from the GVN's decision.

[¶5.](#) (SBU) Motorola will now move ahead with a planned rollout of 3G infrastructure for Vinaphone, one of the four license recipients, in Vietnam's largest cities of Hanoi, Danang and HCMC. Motorola's partner in Vietnam, Chinese telecom giant Huawei, will rollout 3G infrastructure in smaller towns and cities. While the Government of Vietnam (GVN) hopes to extend 3G coverage to the countryside, where 70 percent of the population still resides, extending the network throughout the country will likely take years.

[¶6.](#) (SBU) Motorola's representative in Vietnam, Dr. Ray Owen, while expressing satisfaction at Motorola's \$155 million deal with Vinaphone, questioned the GVN's decision to invest millions of dollars in 3G wireless technology at the expense of Vietnam's wireline broadband infrastructure, which he described as in "appalling condition." Currently, just 1-2 percent of people in Vietnam have access to high-speed internet connections.

¶7. (SBU) Owens noted that while mobile telecom carriers in the United States and Europe have spent billions of dollars in recent years to build infrastructure for 3G networks, profits have been elusive for those operators. Carriers hoped to earn more from existing subscribers by providing them with 3G applications such as video, mobile TV and games; yet, the majority of subscribers are content to use their handsets to make phone calls, which they can do just as easy using the old 2G technology.

¶8. (U) Vietnam's telecommunications market, ranked as the world's second-fastest growing in 2006 by the International Telecommunication Union (ITU), continues to develop rapidly on the strength of its mobile phone sector. According to Vietnam's General Statistics Office, Vietnam had 66.3 million subscribers at the end of 2008 - an 87 percent increase over 2007.

MICHALAK